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Challenges of E- Banking

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Abstract: *Electronic banking is the thought process of future. It provide various benefit to customer, and also poses new challenges for administration and financial system of country. India is still in the early stage of E-banking growth and development competition & change in the technology and life style in the last 10 year have Change the face of banking. The change have been taken place impose on bank tough standard of competition and compliance in that time there are lot of opportunities and challenge available in the e-banking in India . This paper will exchange the various challenge are available in e banking and what are the benefits of e-banking .The data have been collected from various source like newspaper , journals, magazine me and websites.*

Key words: E-banking, Challenge, information, technology, ATM.

INTRODUCTION:

World is changing rapidly in technology day by day. In today world, technology is used in every sphere of human life. At present almost every activity at home and at workplace are handled electronically. With the use of ATM and net transaction , Indian customer is moving towards internet banking. Today the need of customer is to get net banking in its simplest and secure form. By E - banking or online banking we mean banking with help of computer, Telephone, Internet, cell phone etc. In India, lot of initiative have been taken by the India government like enacted it act 2000, Which provide legal recognition to electronic transaction and RBI have facilitated the development of E - banking. For development of E-banking RBI has issued guideline on risk and control in computer and telecommunication system to all banks.

WHAT IS E-BANKING:-

E-banking refers to electronic banking. It is like e-business in banking industry E-Banking is also called "virtual banking" or "online banking". E - Banking is the demand of time. E- Banking mean banking with the help of internet and computer controlled system. This system doesn't involve direct. Interface with customer. The popular service covered under E-banking includes.

- Automated teller machine.
- Credit card.
- Debit card.
- Smart card.
- Electronic fund transfer payment system.
- Cheques transaction payment system.
- Mobile Banking, Internet banking.
- Telephone banking.

ADVANTAGES OF E-BANKING:-

- **Conveniences:** Online banking is more convenient then manual banking. We can use online banking on road in bus, at work place or at home without any difficulty today is the time of working speedily nobody have more time so internet banking save our time and provide facility of banking 24 hour a day, seven day a week.
- **Ubiquity:** We can use E- Banking facility everywhere even we in a bus, in a train, at home, at workplace, in a state are out of state or out of country we take the benefit of E - banking.
- **More Speed:** The online banking done transaction with more speed then manual banking. By the help of E- banking we can transfer money to another person at distant place within a second.
- **Efficiency:** E-banking provide us the facility of access and manage all of our bank account with efficiently.
- **Effectiveness:** E-banking provide is many facility like account aggregation stock quote, portfolio management of our asset more effectively.
- **Less Cost :** There are less cost of E-banking then opening a physical branch. The internet is less costly sources of banking. With the increase in competition most important factor to be considered is cost so we can use e-banking and decrease our cost for customer and for bank.

DISADVANTAGES OF E-BANKING

- Start-UP may take time
- Learning curves
- Bank site change

CHALLENGES OF E-BANKING

- **Change in global technology:** In today world a new Invention come every day. Global technology is changing everyday so to adopt new technology for their country there is a challenge in form of local requirement like lack at infrastructure lack of human ability, Lack of human ability, Lack of education, poor economic condition. So for bank there are lot of challenge available.

- **Educational Challenge:**

In India a number of people who have illiterate. They have no knowledge about internet. this problem pose major challenge in the path of E-banking because the illiterate person don't know the manual banking then how they use internet banking.

- **Customer satisfaction:**

Today is the time of information technology and competition both are increasing rapidly. For all banks this is a challenge how to satisfy their customer and customer have various choice to select a product.

- **Regulatory challenge:**

in e-banking major challenge is regulatory and institutional framework. In e-banking there is lack of security and privacy standard for example if your ATM card has been lost and someone know your code then he can easily withdraw money, if your credit card lost anyone can shop from it. So there are lot of done in the field of security and privacy and need. A lot of initiative for progress e-banking.

- **Availability of Personal Service:**

In present bank are provide several services like social banking with financial possibilities, innovative mechanism, better customer services effective managerial culture, internal supervision & control etc. Therefore that is a challenge for a bank to provide complete personal services to the customers who come with expectation.

- **Confidentiality integrity and authentication:**

These three are the very important feature of banking sector and very successfully managed all over world before the coming of internet. Communication across on open and thus insecure channel such as the internet might not be the best base for bank client relation as trust might be partially lost.

- **Competition:** - The nationalization bank and commercial bank face the competition from foreign and private bank. Competition in banking sector bring the various challenge before the bank such as product positioning, innovative idea and channels, new market trend, cross selling ad at managerial and organizational part the system need to be manage assets and contain risk. So competition

poses a challenge for bank to replace manpower with machine power.

- In India bank have follow the policy of achieving of short term target that create a problem in the path of e-banking.
- There is lack of proper cordination between different bank.
- Manual business process in India.
- There is lack of knowledge about business through E-commerce and E-banking.
- There is another major challenge of product classification and differentiation.
- There are challenge in understanding customer group and difficulty in personalization of product.
- In India no focus on research and development programme . There is a system of follow traditional rule.
- There is limited fours on E-commerce promotion so the banking scope become limited.
- The other challenge in E-banking is safety and security. It is not safe and secure every time. In many time due to technical default fund automatically transfer from one account to another.
- In Competition time all bank provide the facility of E-banking so there fee change from customer is very low. But bank pay full fee of service provider so that is not a profitable business for business point of view.
- For Invention of new technology there is a major challenge for bank and customer to adopt new one.
- In India there are lock of institutional frame work and infrastructure so the problem in E-delivery system has been come.
- **Suggestion to overcome these challenge:**
- The first thing to overcome these challenge is that to aware people about E-banking and tell to people about these benefit like speed, safe, secure less cast etc.
- Another suggestion is that special focus is given to safely and security of customer account. This is can be done by help of cordinated system with bank and customer. well train staff should be appointed who know very well about in what manner security system can be broken and make immediately counter measure. And also appoint who have technical default can be stop.
- The banks should establish training institution for their employee for training about net banking or online banking then we can secure customer fund.
 - Seminar & workshop should be organized on the healthy usage of e-banking especially for those who are ATM and computer illiterate.
 - E-banking serviced should be customized on the base of age, gender , occupation etc so

that need and requirement of people are met accordingly

- Govt. should make huge investment for building infrastructure.

CONCLUSION:

At last we can say that in India the major challenge in banking is more people who have not included in banking habit. In India 57% people who have avail banking service. So the major challenge is not only E-banking but also include

the people into banking service . Though there are various opportunities and a bright future are available of E-banking in India, but there are a lot of challenge which create difficulties in the success of E-banking like poor people no bank account lack of infrastructure, technical difficult etc. But we can overcome these challenges by help of well train staff, govt. initiative to build infrastructure, aware people about E-banking and their benefit then we can overcome these challenge and convert them into opportunities.

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